

2009 STATUS REPORT

IOWA UNEMPLOYMENT COMPENSATION TRUST FUND

This 2009 Status Report of the
Iowa Unemployment Compensation Trust Fund
is a publication of
Iowa Workforce Development





2009 Status Report

On the Iowa Unemployment Compensation Trust Fund

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Table Of Contents

Preface: Guide for Interpretation.....	2
Executive Summary	3
Trust Fund History at A Glance.....	4
Section A: Unemployment Insurance Benefits	6
Section B: Unemployment Insurance Revenue	7
Section C: UI Fund Balance.....	8
Section D: UI Fund Solvency	9
Appendix A: Tables.....	11
Appendix B: Graphs.....	17
Appendix C: Definition and Technical Notes	29

Preface – Guide for Interpretation

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

Executive Summary

This report evaluates the status of Iowa's unemployment compensation trust fund as of December 31, 2009. It reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for inflation, fund balance adjusted for covered wage growth, and months of benefits in the fund.

Unemployment Insurance Benefits Payout: The national economic slowdown pushed benefits paid to unemployed Iowa workers to record levels of \$421 million in 2008 and \$788 million in 2009. Some other facts:

- The number of first payments for UI benefits rose to over 110,000 per year during the 2001 through 2003 recession. First payments climbed to 126,309 in 2008 and 165,030 in 2009 due to increased layoffs caused by the current recession.
- Average duration of benefits increased from 11.6 weeks in 2008 to 15.6 weeks in 2009. An increase in short-term layoffs caused the 2008 decline. An increase in the number of long-term unemployed caused the 2009 average duration increase.

UI Trust Fund Revenue: Fund revenue primarily comes from UI contributions paid by Iowa employers and interest earned on the fund balance. Contributions and interest fell by 5.7% from \$404 million in 2008 to \$381 million in 2009. Despite this decline, total revenue increased in 2009 due a special one-time distribution. Highlights:

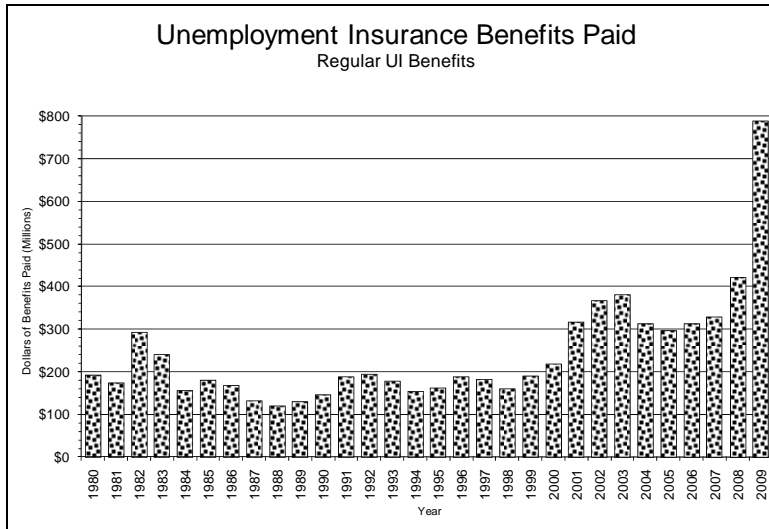
- The average tax rate remained around 1.6% in 2003 through 2009. This is well below the average tax rate during the 1980s which reached 3.4% in 1984.
- The fund received a one-time UI modernization incentive payment of \$71 million under the Assistance for Unemployed Workers and Struggling Families Act.
- Taxable wages fell by an estimated 4.2% in 2009. The primary causes were a decrease in covered employment and a decline in the number of hours worked.

UI Trust Fund: The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and historical UI benefit experience.

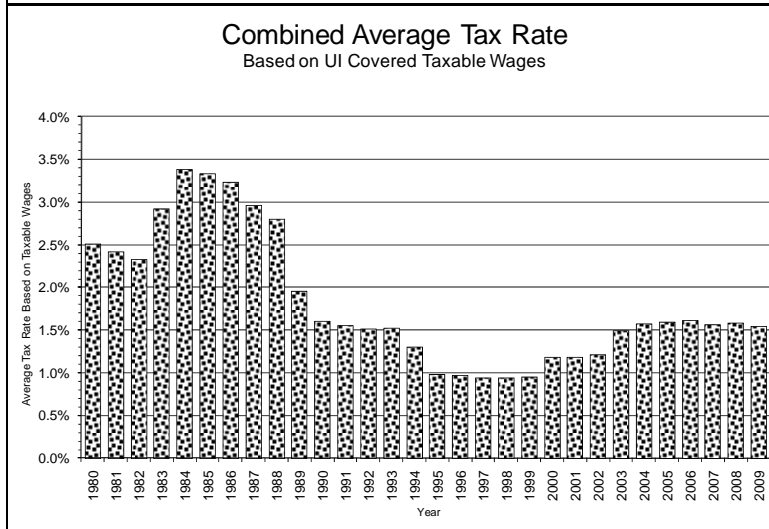
Iowa entered this decade with a year-end combined trust fund balance of \$810 million in 2000. The fund fell during the 2002-2003 recession, but rebounded to \$865 million in 2008. A record benefit payout of \$788 million in 2009 caused the fund to fall to \$518 million in 2010. When the fund is adjusted for inflation and wage growth, the strength of the fund is the lowest in more than 20 years.

Conclusions: Iowa's combined fund balance was sufficient to pay benefits during 2009. If benefits remain at the current level or decrease gradually, the Iowa fund will not have to borrow. If the state experiences a prolonged recession or a "double dip" recession, the fund may need to borrow in the future.

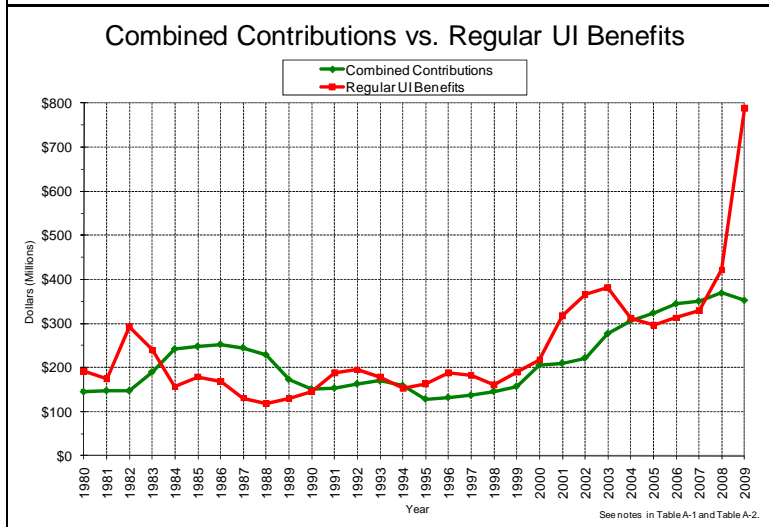
UI Trust Fund History at a Glance



The national recession pushed up UI first payments during 2008 and 2009. An increase in long-term unemployed caused the average benefit duration to rise in 2009. These factors caused record benefit levels of \$421 million in 2008 and \$788 million in 2009.

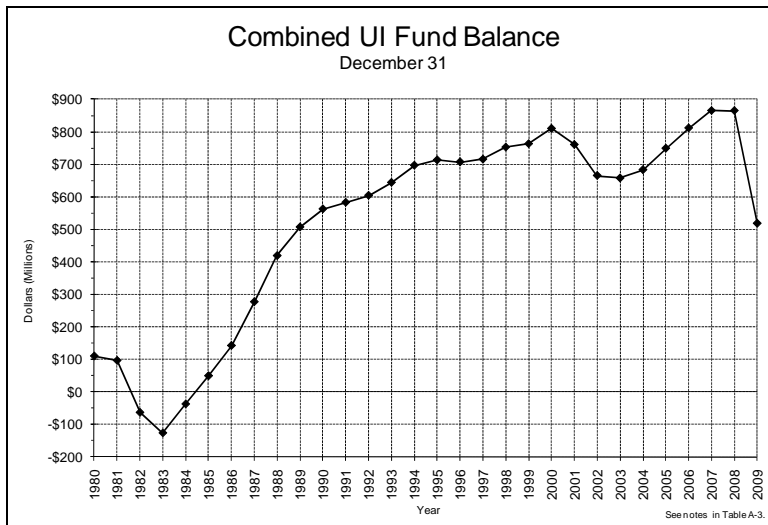


The average tax rate for 2004 through 2009 was about 1.6%. This is well below the average tax rates in the mid-1980's when rates were over 3.0%. Rate table 4 has been triggered for 2010 and the average tax rate is expected to increase to about 2.4%

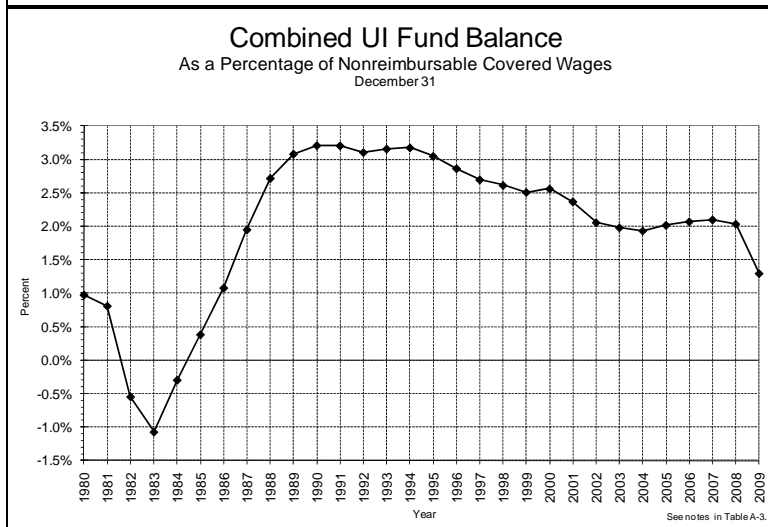


UI benefits exceeded contributions by more than \$400 million during 2009. This represents the largest one year deficit in the history of Iowa's unemployment insurance system.

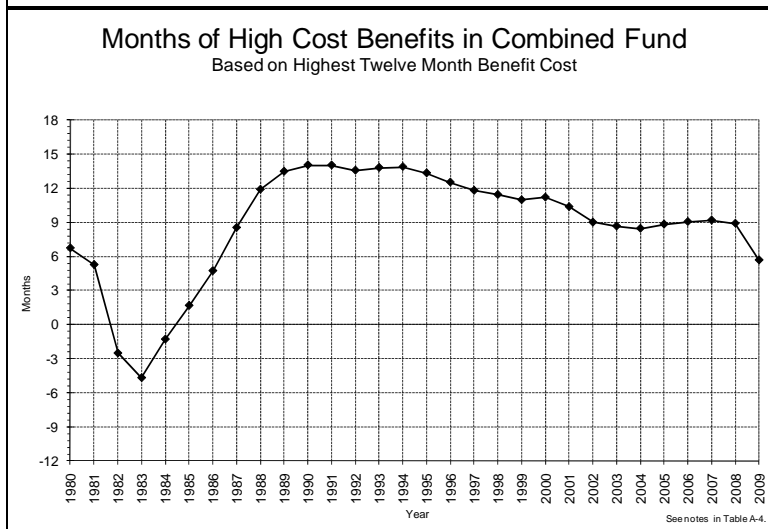
UI Trust Fund History at a Glance



The year-end combined UI fund balance has grown from 2003 through 2007. A record benefit payout in 2009 caused the fund to drop sharply. The fund balance in inflation adjusted dollars reached a 20-year low.



The UI fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2008 the fund was 2.0% of covered wages. This measure dropped to 1.3% of covered wages in 2009. This represents the lowest level since 1986.



The highest benefit cost adjusted for covered employment and wage growth occurred during the 1982-1983 recession. The fund would be large enough to pay benefits for about six months if a similar recession were to occur in Iowa.

A. Unemployment Insurance Benefits

The National Bureau of Economic Research's Business Cycle Dating Committee determined that the expansion that began in November 2001 ended in December 2007. The effects of this national recession first impacted Iowa's Unemployment Insurance (UI) benefit payout during the 4th quarter of 2008. Iowa's UI payments reached record levels of \$421 million in 2008 and \$788 million in 2009.

UI Benefits: Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

Maximum Weekly Benefit Amount:

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2008	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2009
0	\$706.39	53%	\$374
1	\$706.39	55%	\$388
2	\$706.39	57%	\$402
3	\$706.39	60%	\$423
4	\$706.39	65%	\$459

Average Weekly Benefit (AWB):

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. About half of claimants draw the maximum weekly benefit. A claimant would need high quarter earnings of about \$8,600 to qualify for the maximum weekly benefit.

The average weekly benefit grew by 6.1% from \$288.81 in 2008 to \$306.45 in 2009. This growth rate is higher than normal because of increased layoffs in higher paid industries such as manufacturing.

Duration of UI Benefits: The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The current economic slowdown has increased the number of long-term unemployed. The average duration of UI benefits increased from 11.6 weeks in 2008 to 15.6 weeks in 2009. The number of UI claimants exhausting regular benefits more than doubled from 2008 to 2009.

First Payments: The national recession pushed the number of UI claimants who received their first payment for a new benefit year up by 38% in 2008 and 31% in 2009. The 2009 first payment total of 165,030 represents the highest first payment level in history.

Weeks Compensated: The number of weeks of UI benefits compensated grew by 76% from 1,459,395 in 2008 to 2,571,688 in 2009. The rise in the number first payments combined with the increase in average duration caused the weeks compensated total to reach a record high.

UI Benefit Summary: UI benefits increased from \$421 million in 2008 to a \$788 million in 2009. The 2008 and 2009 benefit levels set record highs. UI benefits are expected to remain high during 2010.

B. Unemployment Insurance Revenue

Combined contributions fell by 4.5% from \$369 million in 2008 to \$353 million in 2009. This decrease was due to a decline in covered employment and wages.

Average Tax Rate: The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The fund balance grew large enough to trigger table 8 in 1995 through 1999. The average tax rate was below 1.0% during these years.

Rate table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average tax rate was around 1.6% during 2003 through 2009.

The Iowa Code has eight rate tables. Rate tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from about 3.5% in table 1 to 0.9% in table 8.

Individual Employer Rates: The average combined tax rate for 2009 was 1.55%, but rates for individual employers ranged from a zero rate to an 8.0% rate under rate table 6.

Iowa's UI rates are dependent on the benefit experience of individual employers. About 45% of private employers qualified for a zero rate because they had no benefit charges or very low charges. About 75% of private employers received a contribution rate of 1.0% or lower.

Taxable Wages: During 2009, Iowa employers paid UI contributions on the first \$23,700 of an employee's

wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national recession caused a decrease in covered wages and covered employment and a decline in hours worked in some industries. This caused taxable wages to fall by 4.2% in 2009.

Contributions: Combined UI contributions fell by about 4.5% from \$369 million in 2008 to \$353 million in 2009. The average tax rate remained about the same. The decline in contributions was caused by a decrease in taxable wages.

Interest: Interest received from the federal government on the trust fund decreased by 18.9% to \$28 million in 2009. The decrease was primarily due to a declining trust fund balance.

Other Income: Iowa's UI trust fund received a one-time distribution of \$71 million under the Assistance for Unemployed Workers and Struggling Families Act for UI modernization incentive payments.

Revenue Summary: Contribution and interest revenue decreased by 5.7% from \$404 million in 2008 to \$381 million in 2009. Total revenue increased to \$452 due to the special distribution. Even with the assistance of this distribution, the benefit payout grew at a much faster pace than revenue during 2009.

C. UI Fund Balance

The year-end combined trust fund balance fell from a high of \$810 million in 2000 to \$657 in 2003. The fund rebounded to \$865 million in 2008, but recession level benefit payouts caused the fund to fall to \$518 million in 2009. The fund dropped to the lowest level since 1986 in terms of inflation adjusted dollars.

Trust Fund Balance History: The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

The fund reached \$810 million in 2000. Economic conditions caused the year-end fund balance to fall to \$665 million in 2002 and \$657 million in 2003. The number of new layoffs declined and UI benefits paid were lower in 2005 through 2008. This enabled the combined trust fund balance to rebound to \$865 million in 2007 and 2008.

UI benefits began to increase during the fourth quarter of 2008 and benefits paid reached a record level during 2009. This caused the trust fund to fall to \$518 million at the end of 2009. This represents the lowest fund level in 20 years.

Effect of Wage Growth: Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wages and covered employment grow in order to keep pace with potential fund liabilities.

CPI Adjusted Fund Balance: One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index (CPI) to adjust the fund to 1982-1984 dollars. Using inflation adjusted dollars the fund balance fell by 48.5% from 2000 to 2009.

Fund Balance as a Percent of Covered Wages: The UI fund is expressed as a percentage of covered wages in order to control for employment and wage growth.

This percentage grew from a deficit during the early 1980s to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

The percentage gradually decreased to 2.04% in 2008. A record benefit payout in 2009 caused the combined fund balance, expressed as a percentage of covered wages, to decline by 36.3% to 1.30% in 2009. This is the lowest level since 1986.

UI Trust Fund Balance Summary: The year-end fund balance reached \$810 million in 2000. It declined through 2003, but rebounded to \$865 million in 2008. Record UI benefit levels caused the fund to fall to \$518 million in 2009. The inflation (CPI) adjusted fund balance and the wage growth adjusted fund balance were both at their lowest level in more than 20 years.

D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

Months of Benefits in Trust Fund:

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

Months of Current Benefits: The fund is sufficient to pay benefits at the current level for 7.9 months. This calculation does not include future revenue collections.

Months of Benefits at High Cost:

The 2009 trust fund balance would be sufficient to pay benefits for 5.7 months at the historic highest benefit level.

Federal Solvency Standards: The U. S. Department of Labor recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2009 figure was 7.2 months.

Recession Level Benefits: Iowa's highest benefit cost level is based on the 12-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Total expenditures for the 12-month period equaled 2.7% of wages. If this economic downturn had pushed 2009 benefits to this 1983 recession level, benefits would have reached \$1.1 billion.

Rate Table Calculations: The Iowa UI rate system is designed to automatically adjust contribution rates

based on fund strength. This system is designed to maintain solvency while reducing rate fluctuations.

If the fund strength starts to decline, the system will trigger to a rate table with higher contribution rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The national recession caused the fund balance to fall to the lowest level in 20 years. This lower fund balance caused the rate table to move from table 6 in 2009 to table 4 in 2010. A change of two rate tables is unusual, but it was caused by a record UI benefit payout.

Fund Solvency Summary: Half of the states borrowed funds from the federal government in order to pay UI benefits during 2009. The Iowa trust fund remained solvent.

If benefits remain around current levels, the Iowa fund will not have to borrow during 2010. If the state experiences a prolonged recession or a "double dip" recession, the fund may need to borrow in future years.

Lower fund balances will probably trigger higher rate tables in order to ensure future fund solvency.

Appendix A - Tables

Table A-1: Unemployment Insurance Benefit Data.....	12
Table A-2: Unemployment Insurance Revenue Data.....	13
Table A-3: UI Fund Balances	14
Table A-4: UI Fund Solvency Measures	15
Table A-5: Employer Rate Distribution – 2009 (Private Employers)	16

Table A-1
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	141,617	-----	11.9	-----	1,679,090	-----	113.97	-----	191.4	-----
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%
2005	91,540	2.9%	12.5	-11.3%	1,141,540	-8.9%	259.57	4.1%	296.3	-5.2%
2006	92,610	1.2%	12.5	0.0%	1,161,526	1.8%	269.38	3.8%	312.9	5.6%
2007	91,367	-1.3%	12.9	3.2%	1,176,569	1.3%	280.17	4.0%	329.6	5.3%
2008	126,309	38.2%	11.6	-10.1%	1,459,395	24.0%	288.81	3.1%	421.5	27.9%
2009	165,030	30.7%	15.6	34.5%	2,571,688	76.2%	306.45	6.1%	788.1	87.0%

Regular UI Benefits paid by IWD. Table does not includes extended benefits, voluntary work share and net adjustments for transfers to other states. Source: ETA-5159

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Table A-2
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1980	2.51%	-----	5.63	-----	144.5	-----	11.8	-----	0.0	156.3	-----
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.57%	5.4%	18.60	4.7%	306.5	10.6%	39.3	-9.0%	0.0	345.8	-4.0%
2005	1.60%	1.9%	19.61	5.4%	324.0	5.7%	35.1	-10.7%	0.0	359.1	3.8%
2006	1.61%	0.6%	20.77	5.9%	345.2	6.5%	31.2	-11.1%	0.0	376.5	4.8%
2007	1.56%	-3.1%	21.73	4.6%	351.1	1.7%	32.6	4.5%	0.0	383.7	1.9%
2008	1.58%	1.3%	22.60	4.0%	369.3	5.2%	35.0	7.4%	0.0	404.3	5.4%
2009	1.55%	-1.9%	21.65	-4.2%	352.8	-4.5%	28.4	-18.9%	70.8	452.0	11.8%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and special transfers 2003 and 2009.

3/12/2010

Table A-3
UI Fund Balances

December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	110.2	----	0.0	----	110.2	----	127.7	----	0.98%	----
1981	96.5	-12.4%	0.0	----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	----	0.0	----	-63.3	----	-64.9	----	-0.55%	----
1983	-126.3	----	0.0	----	-126.3	----	-124.7	----	-1.07%	----
1984	-37.4	----	0.0	----	-37.4	----	-35.5	----	-0.30%	----
1985	49.3	----	0.0	----	49.3	----	45.1	----	0.38%	----
1986	142.5	189.0%	0.0	----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	----	682.8	3.9%	358.8	0.6%	1.93%	-2.5%
2005	643.2	1.3%	105.6	122.3%	748.8	9.7%	380.5	6.0%	2.02%	4.7%
2006	665.8	3.5%	145.4	37.7%	811.2	8.3%	402.0	5.7%	2.07%	2.5%
2007	714.9	7.4%	149.8	3.0%	864.6	6.6%	411.7	2.4%	2.10%	1.4%
2008	714.9	0.0%	149.6	-0.1%	864.6	0.0%	411.2	-0.1%	2.04%	-2.9%
2009	368.4	-48.5%	149.6	0.0%	518.0	-40.1%	239.8	-41.7%	1.30%	-36.3%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the principal in the unemployment compensation reserve fund set up to under S.F. 458 (2003). Principal in the fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits. 1/27/2010

Table A-4
UI Fund Solvency Measures
December 31

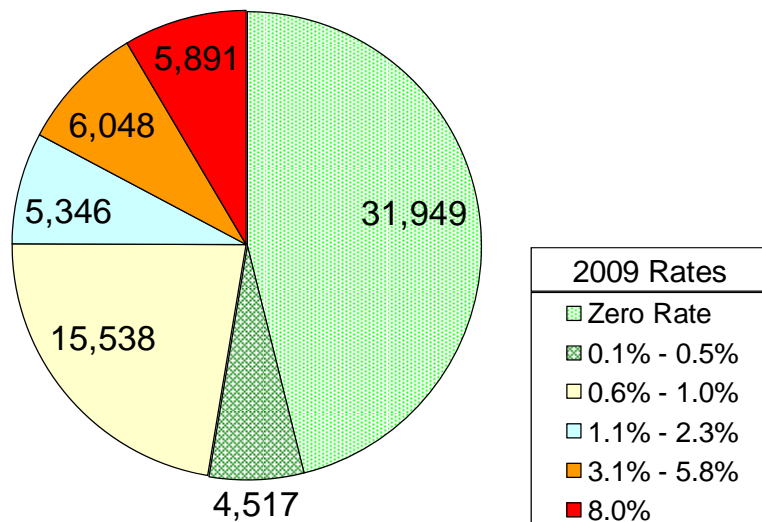
Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level			
	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	6.7	-----	6.7	-----	8.4	-----	196.5	-----
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	-----	-2.5	-----	-3.4	-----	302.5	37.8%
1983	-6.0	-----	-4.7	-----	-6.0	-----	323.6	7.0%
1984	-2.9	-----	-1.3	-----	-1.6	-----	346.3	7.0%
1985	3.3	-----	1.7	-----	2.1	-----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.5	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	8.5	-2.3%	10.7	-2.7%	969.0	6.4%
2005	30.6	15.5%	8.8	3.5%	11.2	4.7%	1,018.3	5.1%
2006	31.4	2.6%	9.1	3.4%	11.5	2.7%	1,075.2	5.6%
2007	31.5	0.3%	9.2	1.1%	11.7	1.7%	1,130.1	5.1%
2008	24.8	-21.3%	8.9	-3.3%	11.3	-3.4%	1,165.3	3.1%
2009	7.9	-68.1%	5.7	-36.0%	7.2	-36.3%	1,095.7	-6.0%

See notes in table A-3.

1/27/2010

Table A-5 Employer Contribution Rate Distribution Based on Original Employer Rate Notices All Private Contributory Employers Rate Year 2009		
Tax Rate Table 6	Private Contributory Firms	
	Number	Percent
Zero Rate	31,949	46.1%
0.1% - 0.5%	4,517	6.5%
0.6% - 1.0%	15,538	22.4%
1.1% - 2.3%	5,346	7.7%
3.1% - 5.8%	6,048	8.7%
8.0%	5,891	8.5%
Total	69,289	100.0%
Table includes private experience rated and unrated (new) employers.		
Iowa Workforce Development		

UI Contribution Rate Distribution
Private Experienced Rated and New Employers - 2009



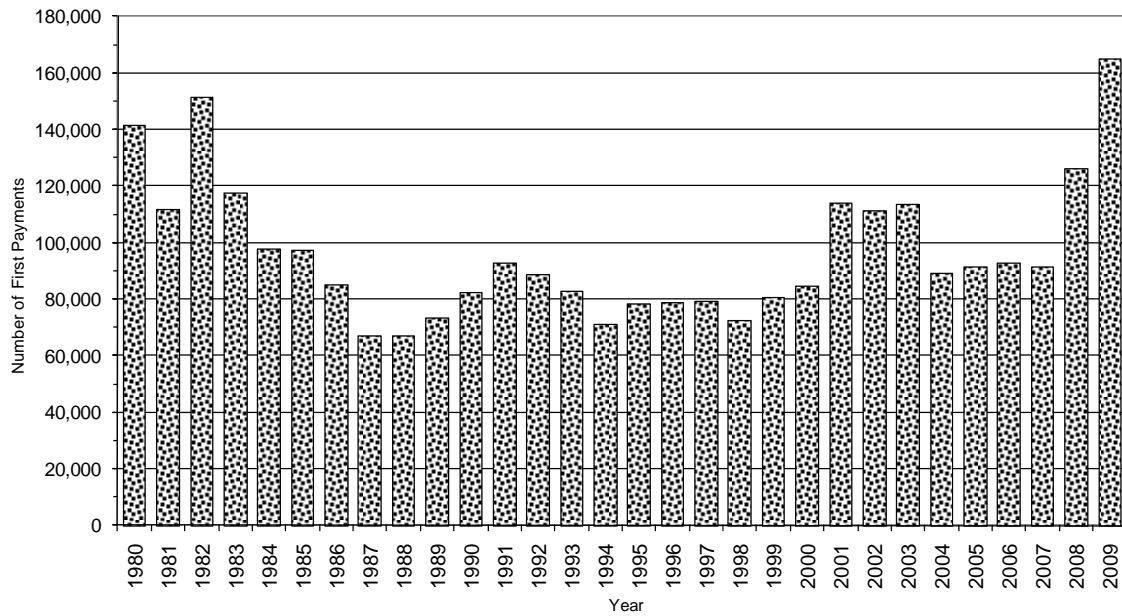
See notes in table A-5.

Appendix B – Graphs

First Payments	18
Final Payments (Exhaustions)	18
Average Weeks of Duration	19
Average Weekly Benefit.....	19
Weeks Compensated.....	20
UI Benefits Paid	20
Taxable Wages	21
Total Combined Contributions	21
Combined Average Tax Rate (Based on Taxable Wages)	22
Combined Average Tax Rate (Based on Total Wages)	22
UI Tax Rate Table.....	23
Interest Received	23
Combined UI Fund Revenue	24
Combined Contributions vs. Regular UI Benefits	24
Combined UI Fund Balance	25
Combined UI Fund Balance (CPI Adjusted 1982-84=100)	25
Combined UI Fund Balance (As a Percentage of Covered Wages).....	26
Months of Benefits in Combined Fund (Highest Twelve Month Costs)	26
Months of Benefits in Combined Fund (Highest Three Year Average Cost)	27
Months of Benefits in Combined Fund (Current Benefit Levels)	27
Iowa Total Unemployment Rate.....	28
Iowa Insured Unemployment Rate.....	28

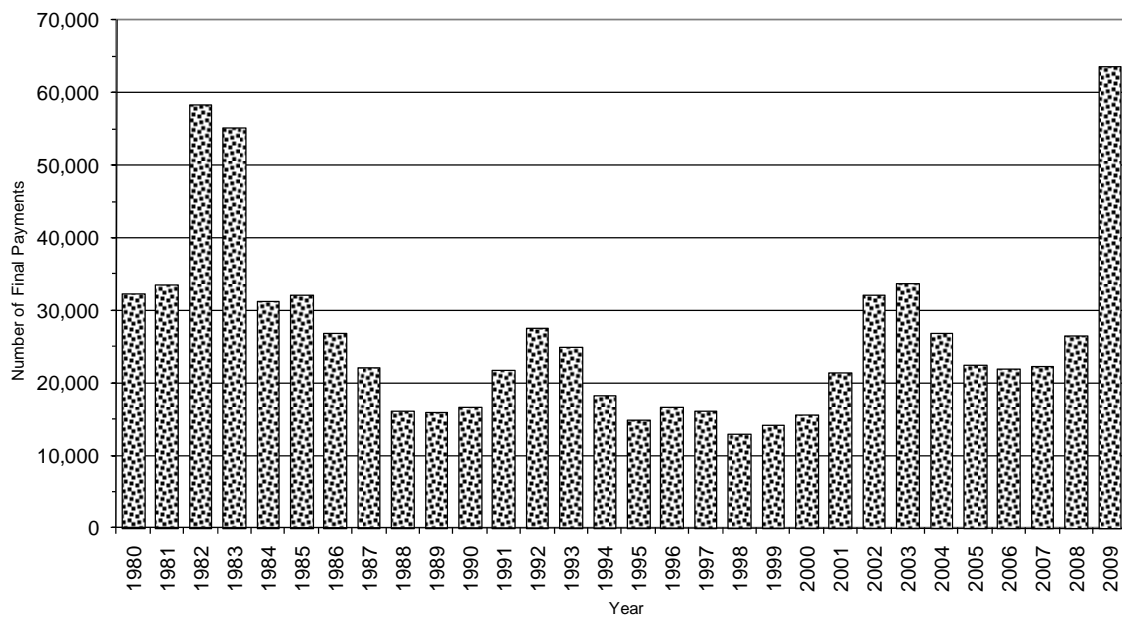
First Payments

Regular Unemployment Insurance

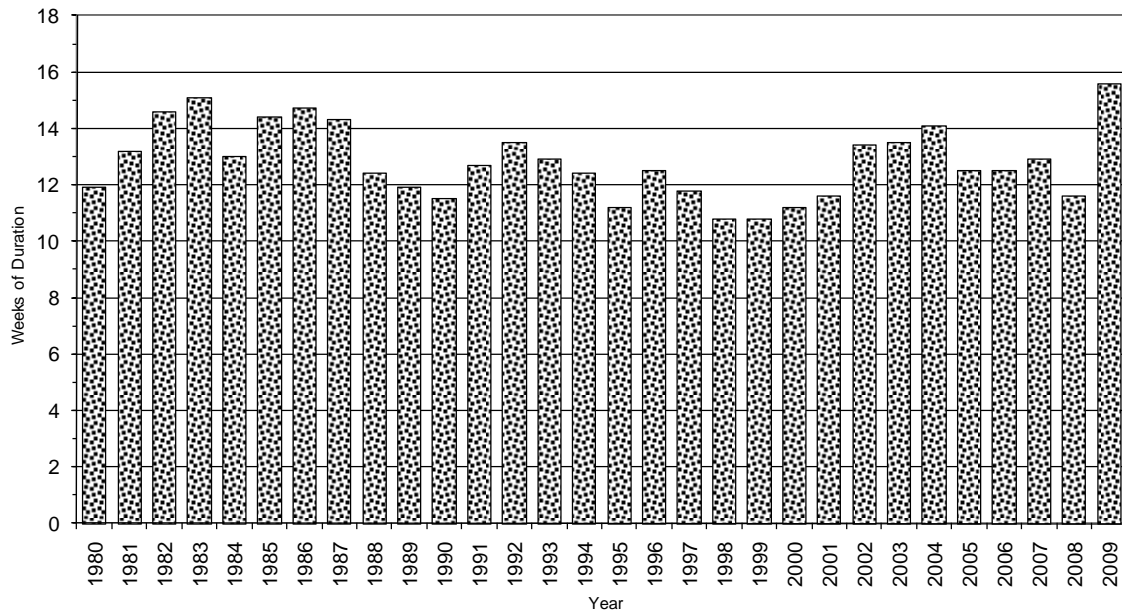


Final Payments

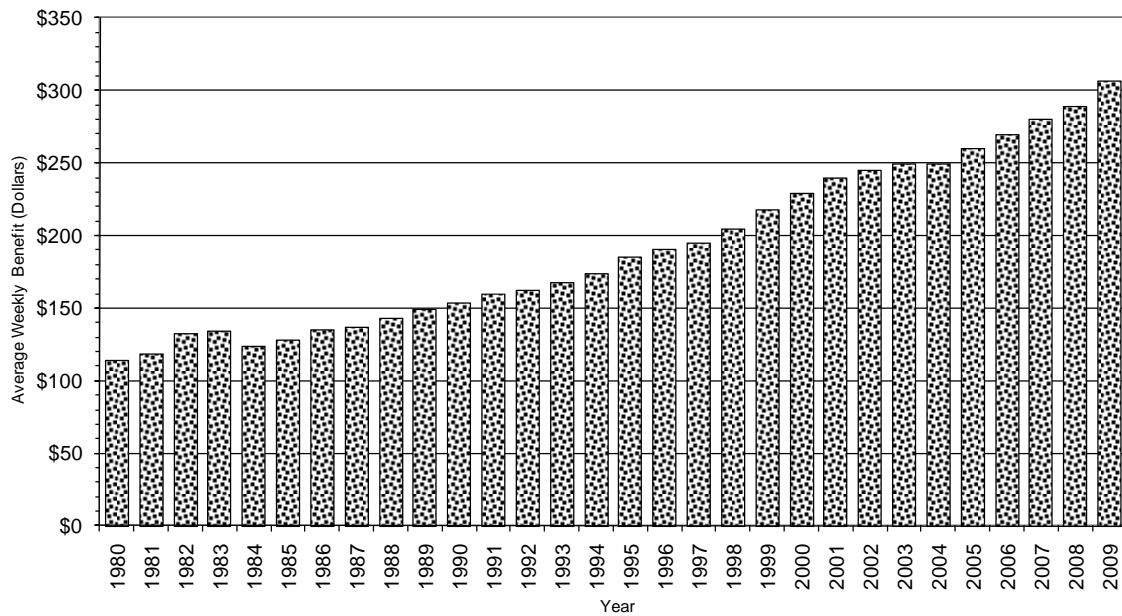
Regular Unemployment Insurance



Average Weeks of Duration Regular Unemployment Insurance

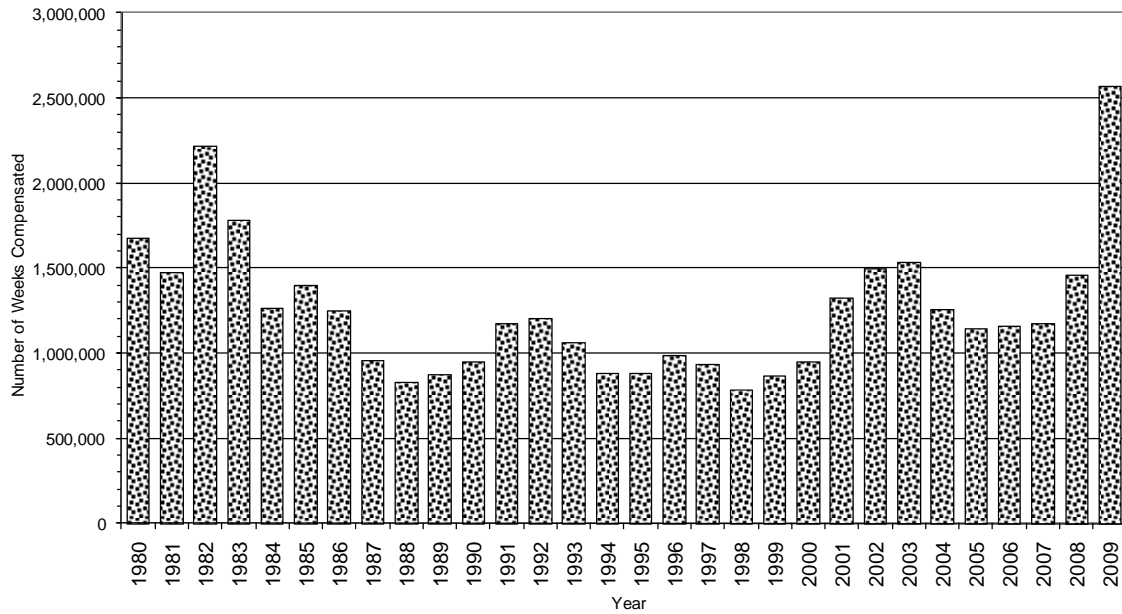


Average Weekly Benefit Regular Unemployment Insurance



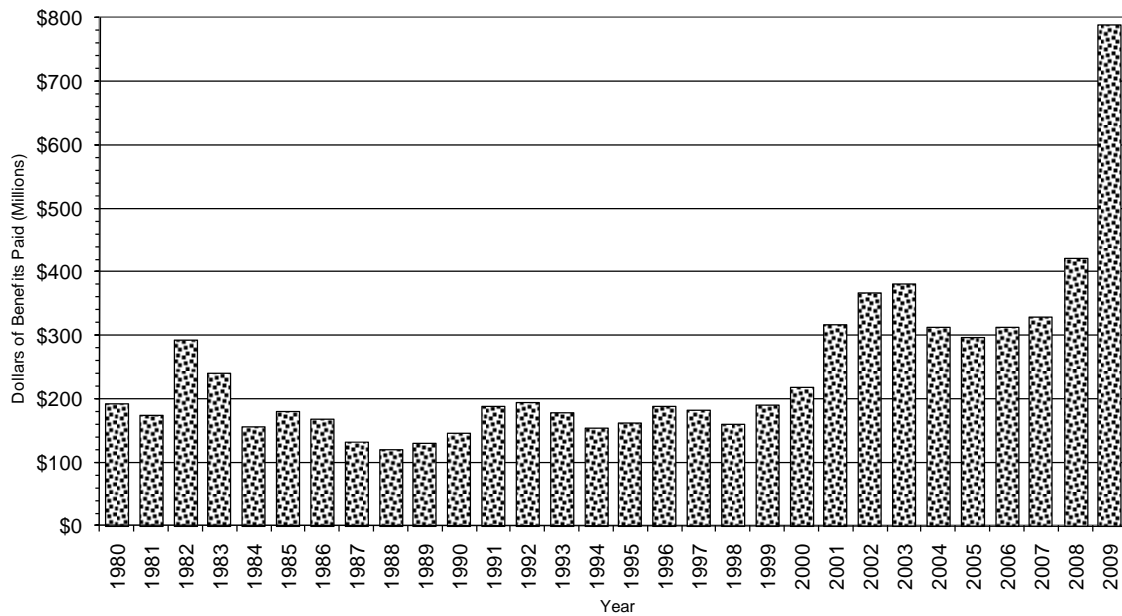
Weeks Compensated

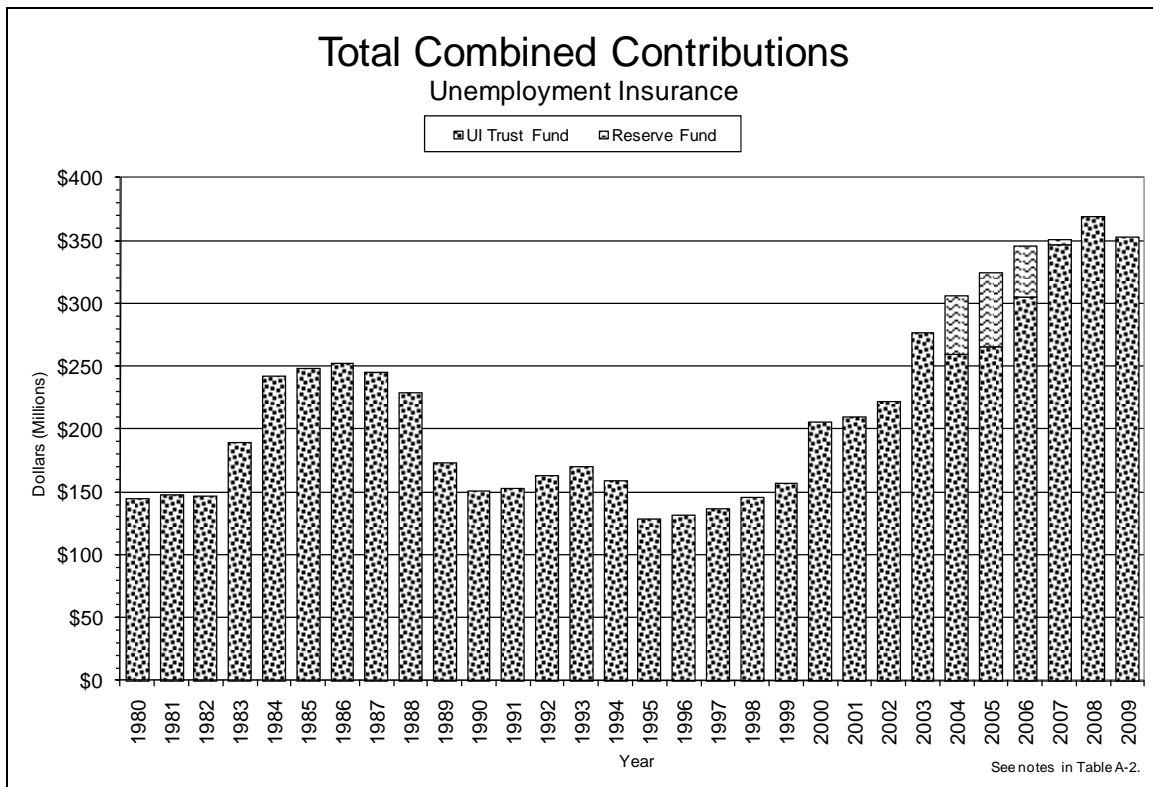
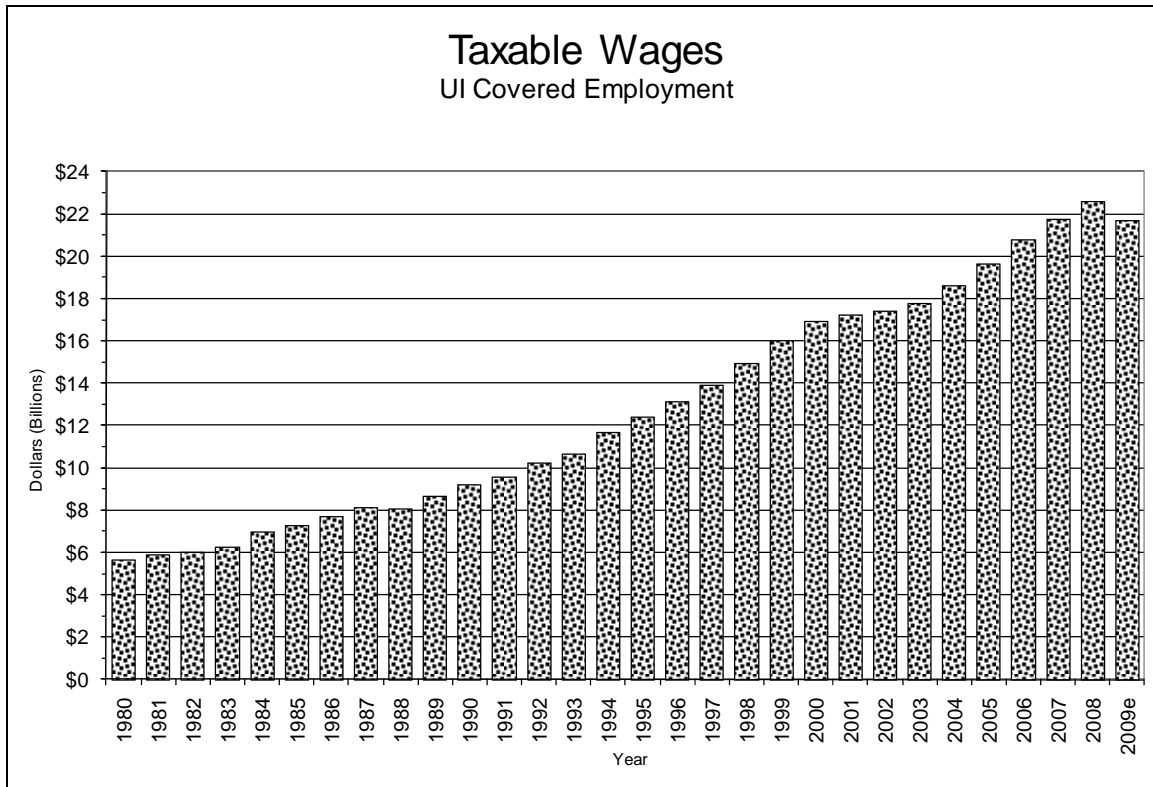
Regular Unemployment Insurance



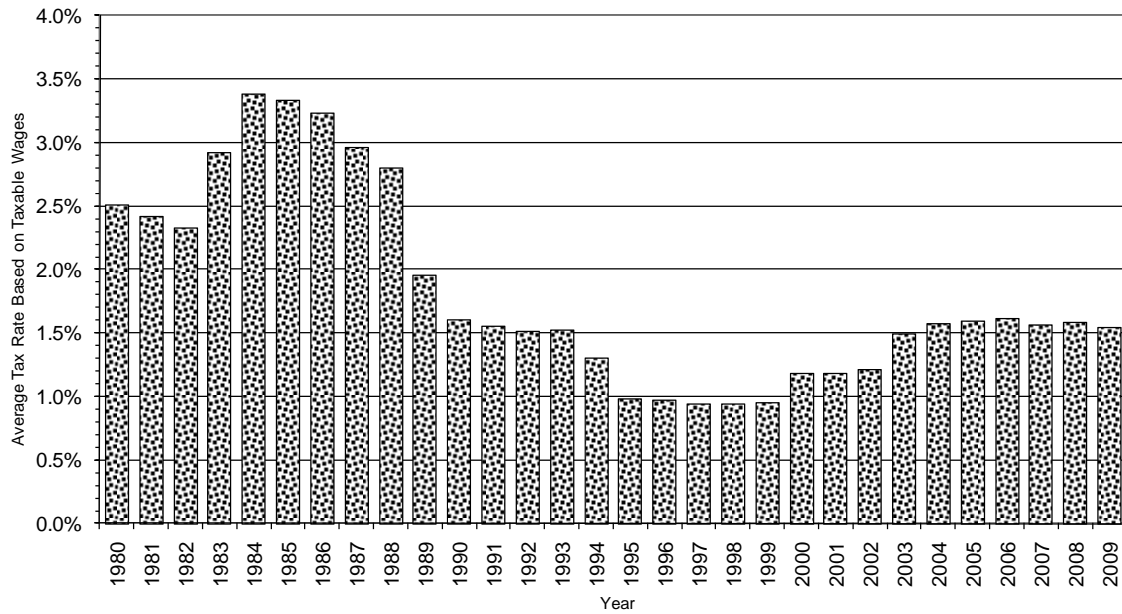
Unemployment Insurance Benefits Paid

Regular UI Benefits

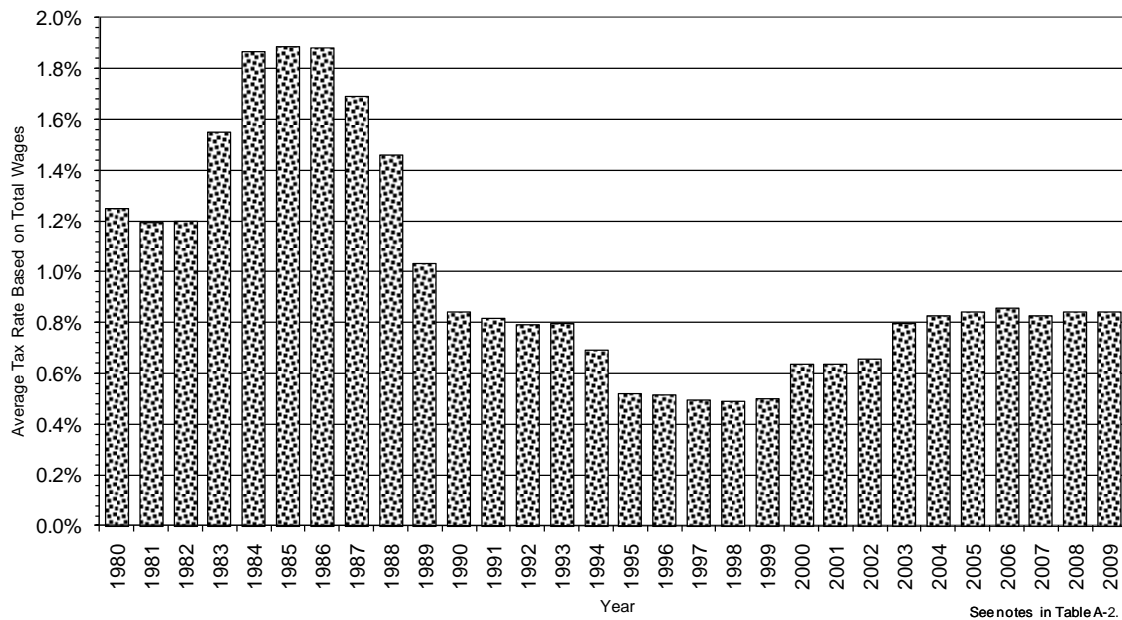




Combined Average Tax Rate Based on UI Covered Taxable Wages



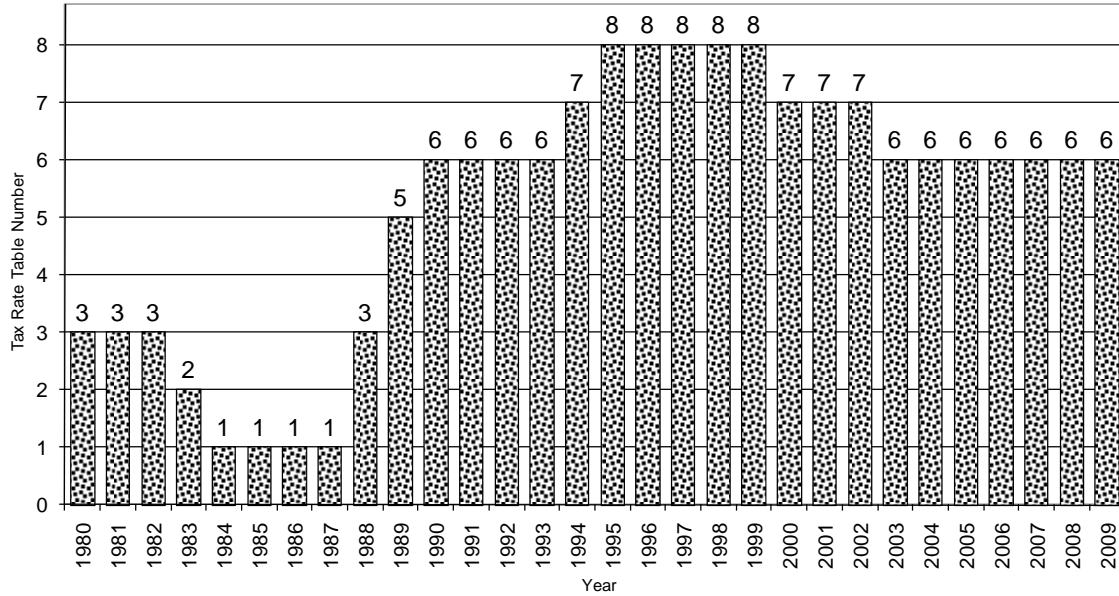
Combined Average Tax Rate Based on UI Covered Total Wages



See notes in Table A-2.

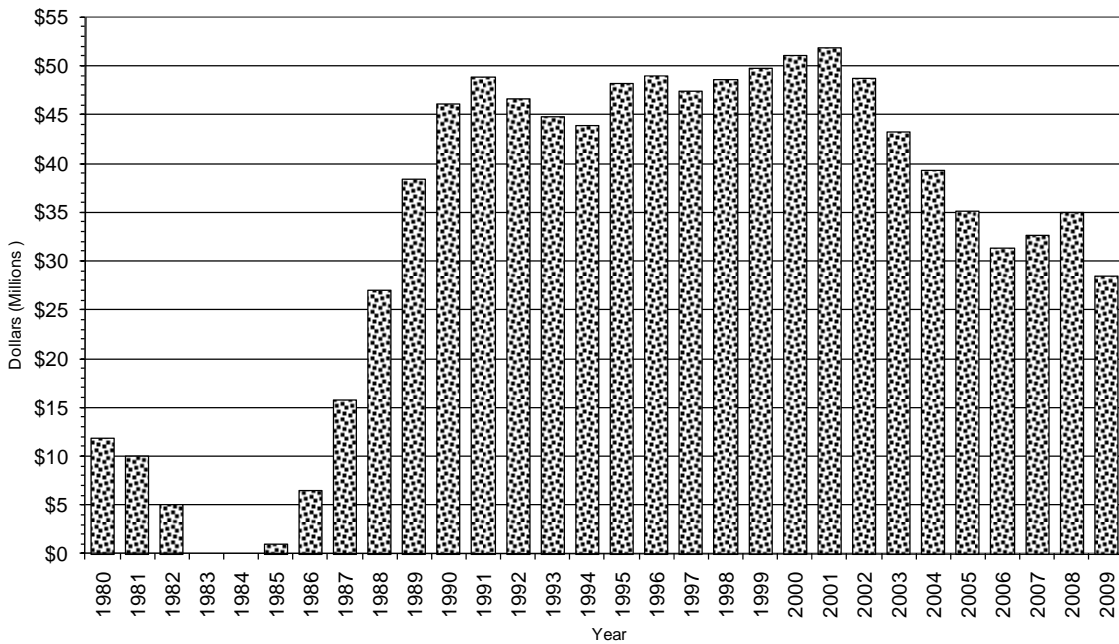
UI Tax Rate Table

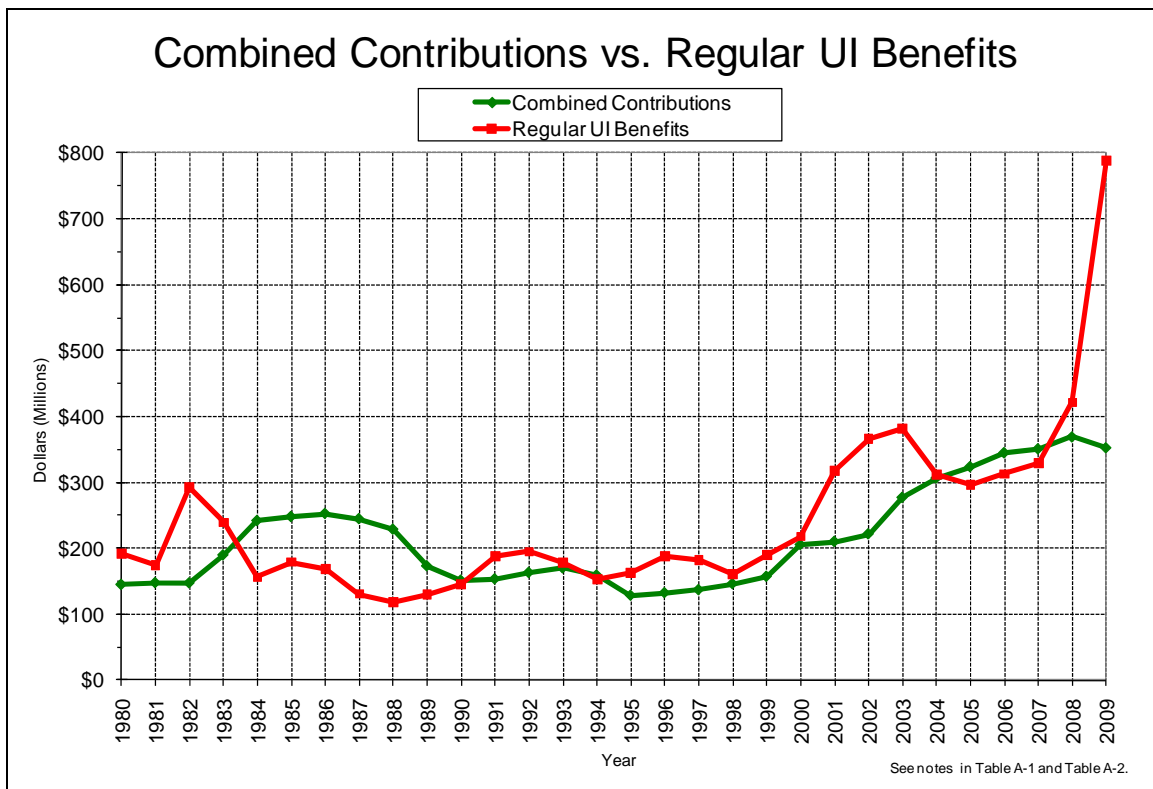
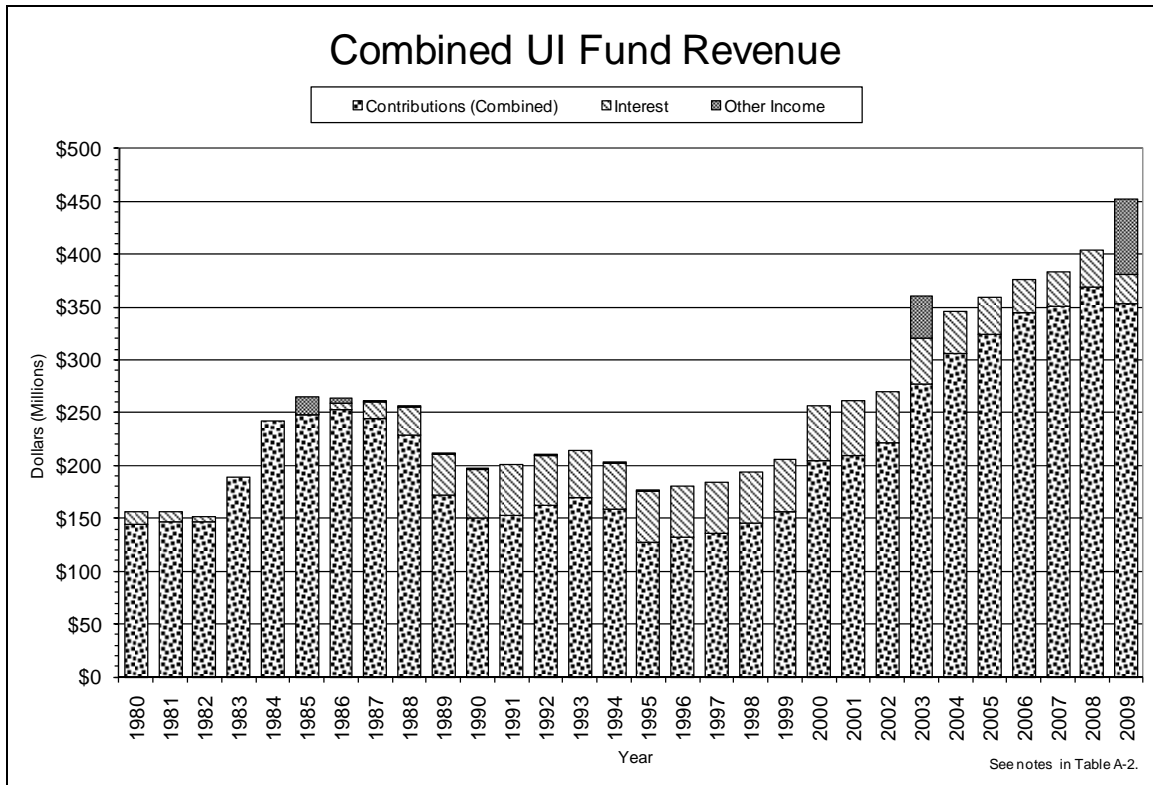
Iowa Code Provides Eight Tax Tables
(Table 1 = Highest Tax Rates)
(Table 8 = Lowest Tax Rates)



Interest Received

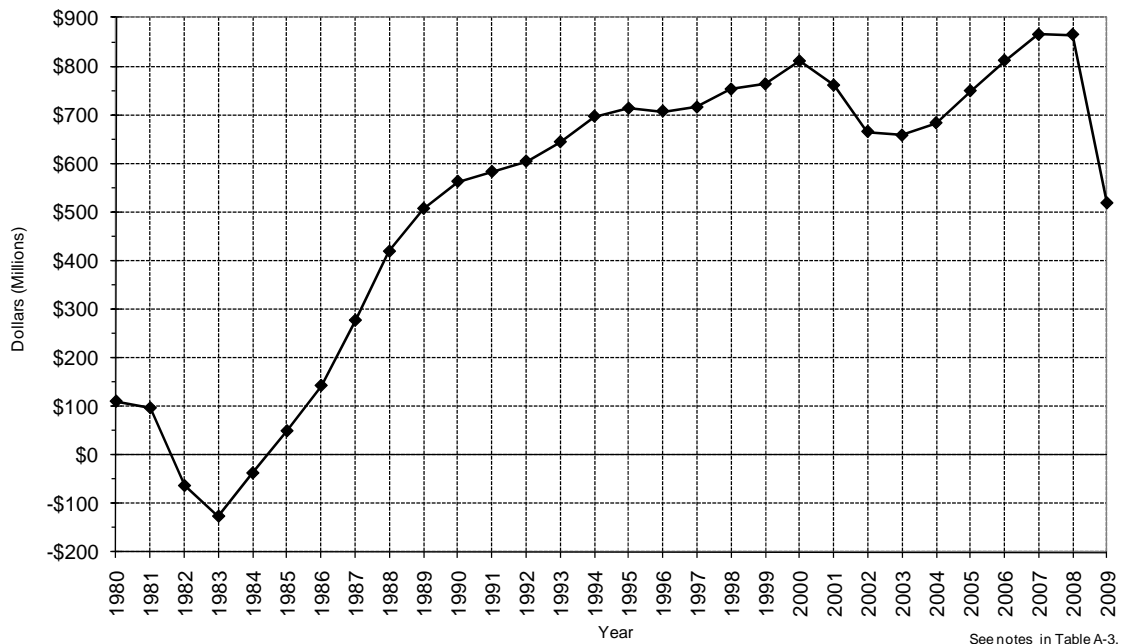
Unemployment Insurance Trust Fund





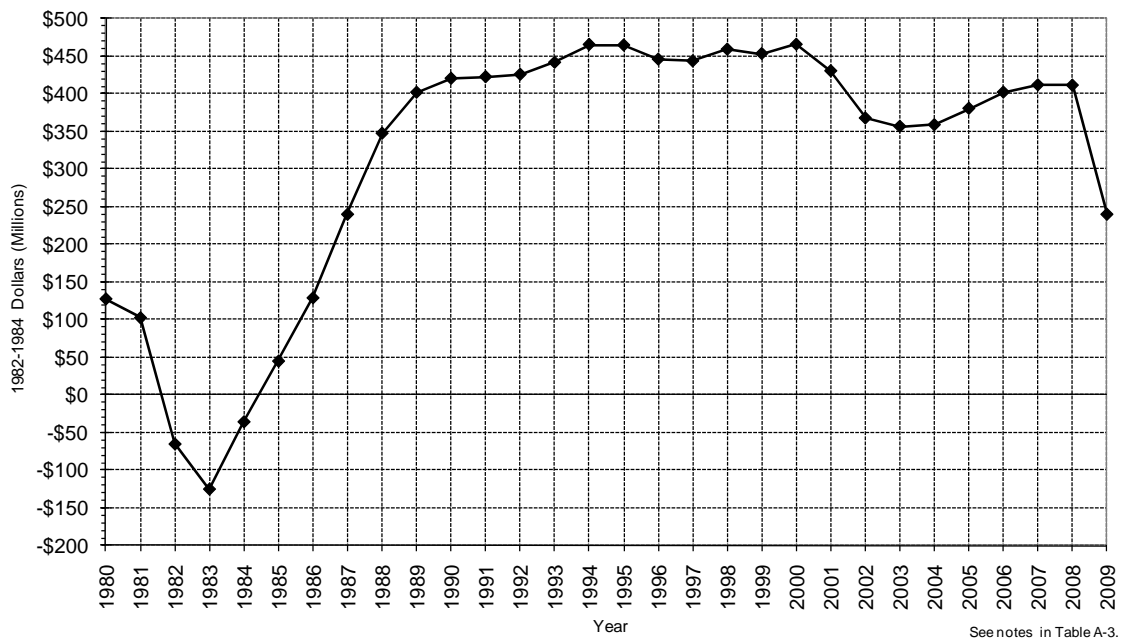
Combined UI Fund Balance

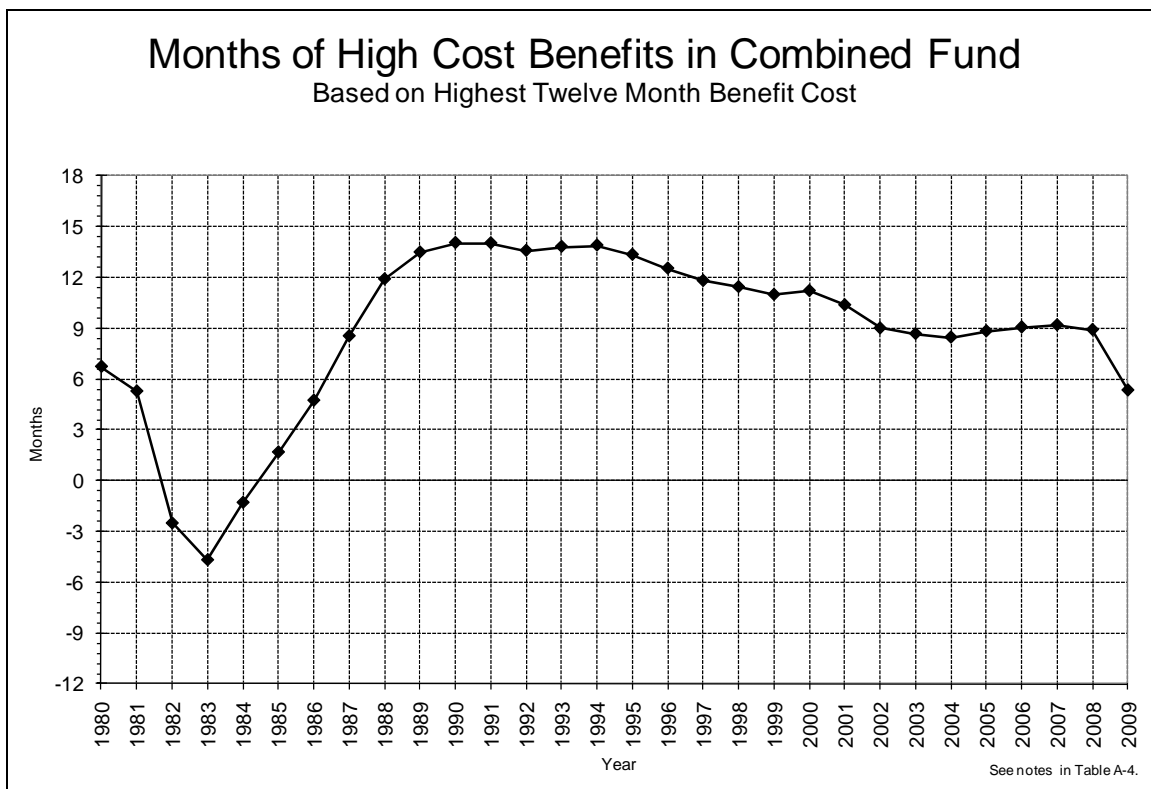
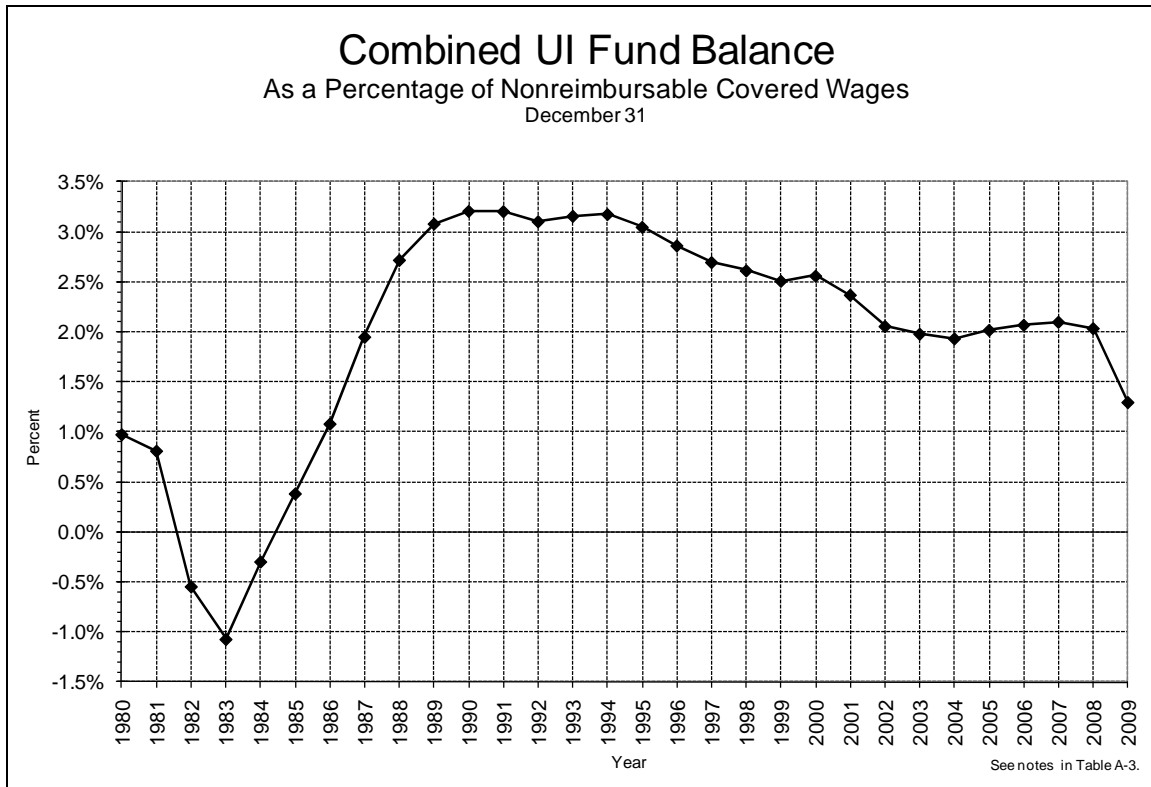
December 31



Combined UI Fund Balance

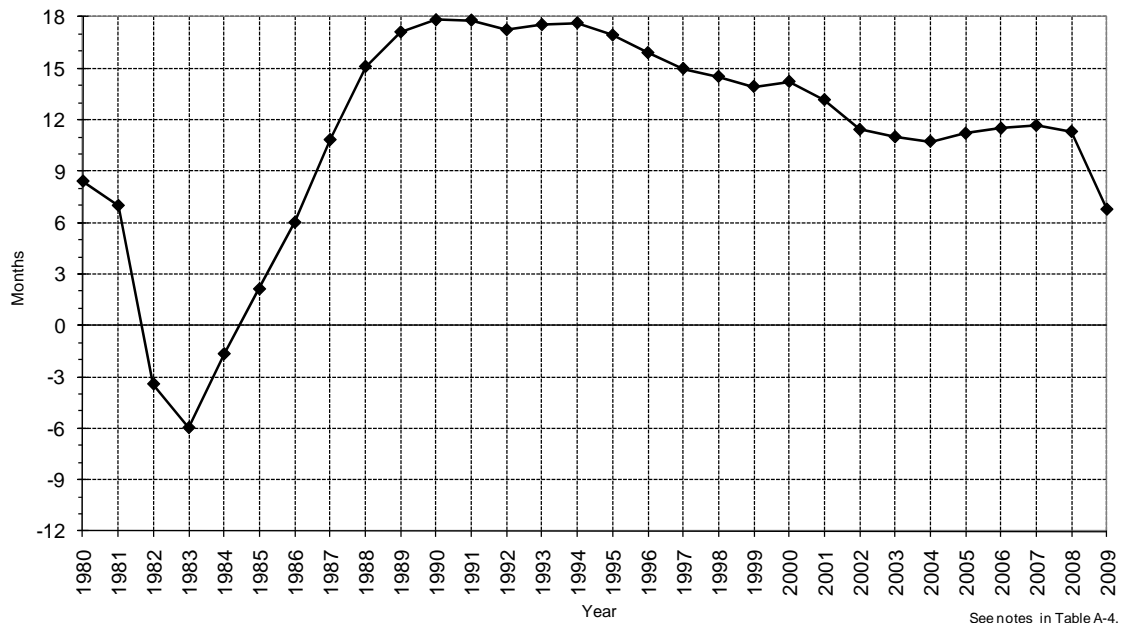
Adjusted Using The CPI-U (1982-84=100)
December 31





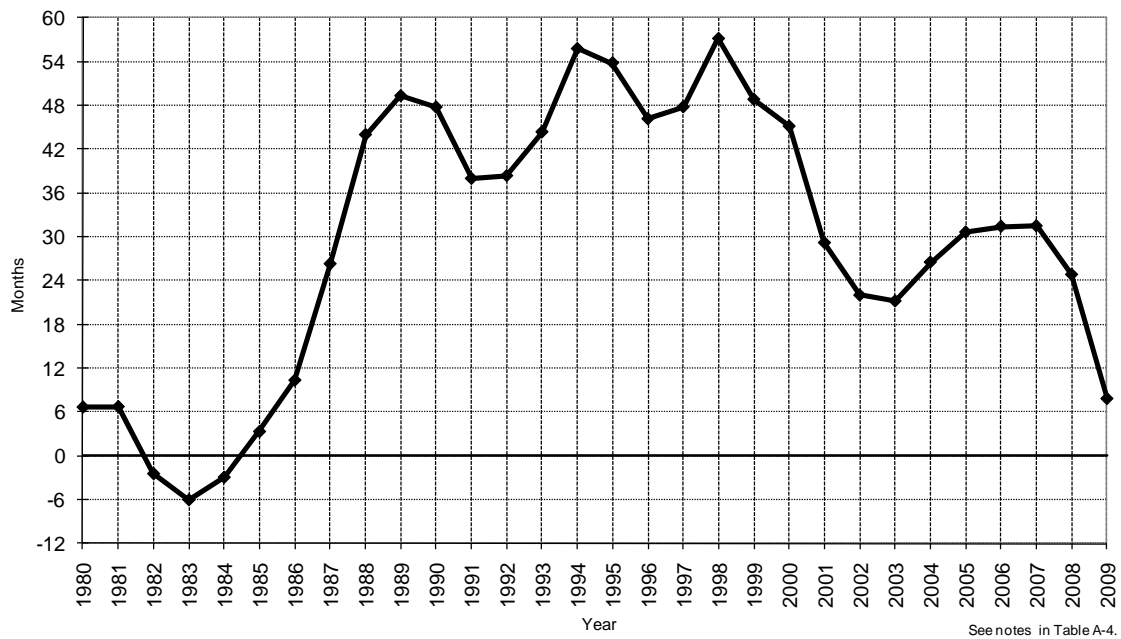
Months of High Cost Benefits in Combined Fund

Based on Highest Three Year Average Benefit Cost



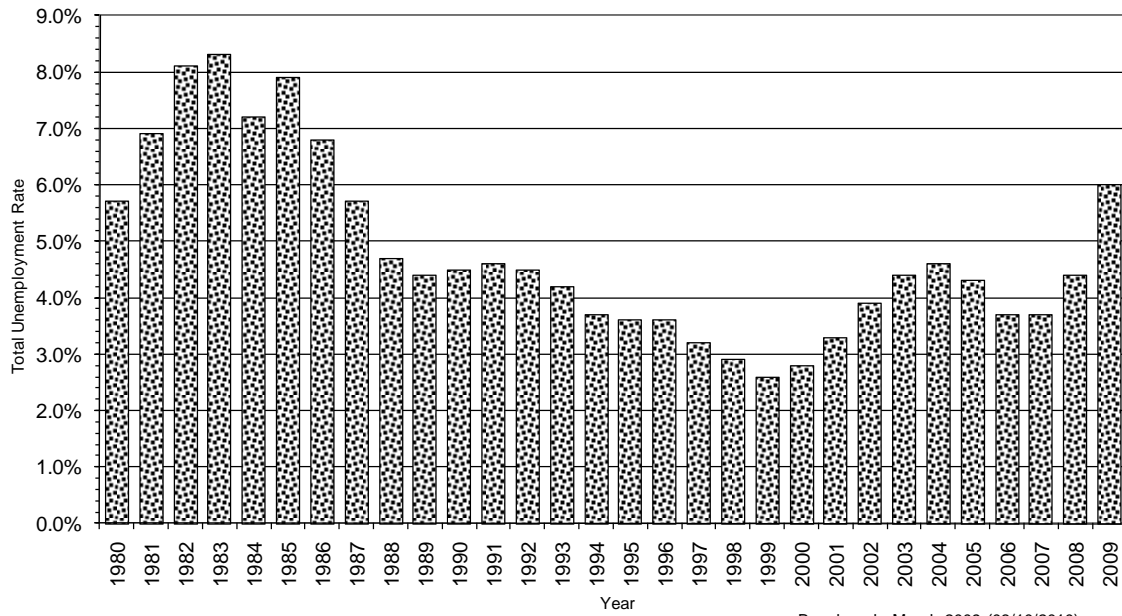
Months of Benefits in Combined Fund

Based on Current Year Benefit Levels



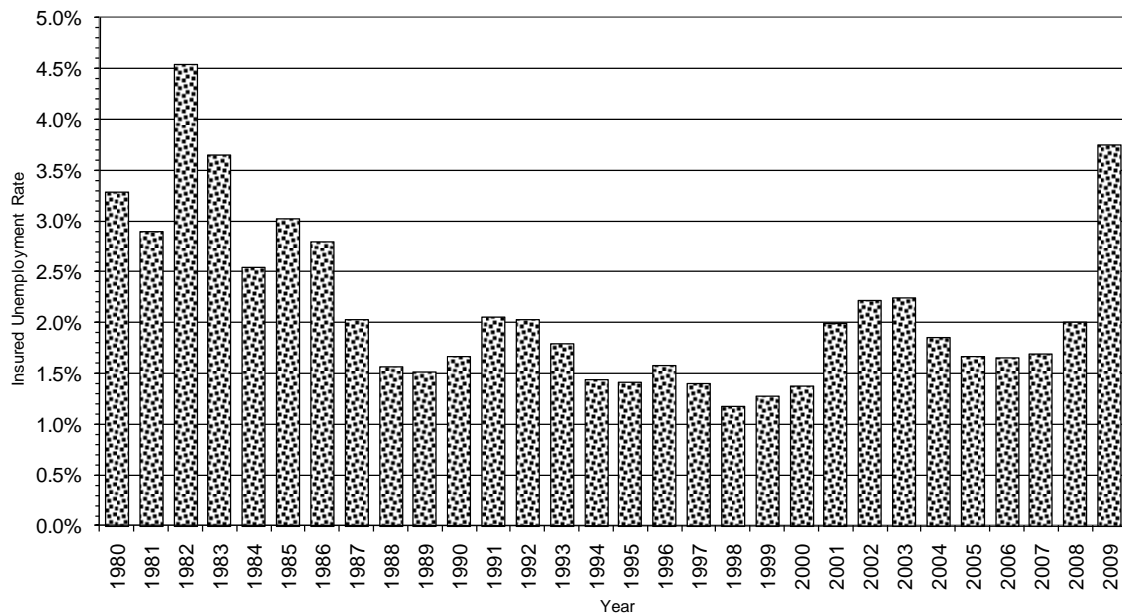
Iowa Total Unemployment Rate

Bureau of Labor Statistics



Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



Appendix C: Definition and Technical Notes

UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to pay benefits, this report uses the combined balance of the two funds to compute solvency measures.

Unemployment Trust Fund: A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and Federal unemployment taxes collected by the Internal Revenue Service.

UI Trust Fund Balance: In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund which are available to pay UI benefits.

Iowa Reserve Fund: This refers to the principal in the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

Combined Trust Fund: This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

Regular UI Benefits Paid: Unemployment benefits paid under the regular unemployment program. This figure does not include federal unemployment benefits, voluntary shared work benefits and special episodic programs such as Extended Benefits (EB) and Temporary Emergency Unemployment Compensation (TEUC). (Source: ETA-5159)

Average Duration: The number of weeks compensated for the year divided by the number of first payments.


Exhaustion Rate: A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks,

First Payments: The first payment in a benefit year for a week of unemployment claimed under a specific UI program. (Source: ETA-5159).

Final Payments: The number of claimants drawing the final payment of their original UI entitlement. This is also called benefit exhaustions. (ETA 5159)

Trust Fund Expenditures: Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

Trust Fund Interest: The amount of interest earned on the Unemployment Trust Fund account. Interest paid by the U. S Treasury is credited on the notification date for this report. The interest rate paid to states is available at: http://www.treasurydirect.gov/govt/rates/rates_tfr.htm.



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